

Overview of the Consumer Education Subaccount

- SB 90 directs \$5.4 million (one percent of \$540 million) to support a consumer education and marketing campaign.
- After gathering stakeholder input, the Energy Commission adopted the *Renewable Energy Consumer Education (RECE) Marketing Plan* in February 1999.
- The goals of the Renewable Energy Consumer Education Program are:
 - To raise consumer awareness of renewable electricity generation options and their benefits,
 - To increase purchases of both renewable energy from the grid and small scale emerging renewable systems installed on customer premises, and,
 - To mobilize a self-sustaining education effort that will continue beyond the four-year transition period to a competitive market.
- The *Marketing Plan* outlines two action paths; one for renewable energy from the grid and a separate for emerging renewable technologies:
 - 80% or \$4.32 million for marketing and educational activities to promote the renewable energy market
 - 20% or \$1.08 million for marketing and educational activities to promote emerging renewable technologies for on-site generation of renewable power
- In March 1999, the Energy Commission entered into a 15 month, \$1.2 million contract with the Renewable Energy Marketing Board (REMB) to serve as program administrator for the initial renewable energy marketing activities.
- The entity selected to administer the initial phase (\$300,000) of consumer education for emerging renewable technologies declined to enter into a contract with the Energy Commission.
- In February 2000 the Energy Commission adopted the *Guidebook for the Consumer Education Subaccount, (Volume 5)*. The *Guidebook* addresses the eligibility, program requirements and funding processes for the Consumer Education Subaccount.
- On May 5, 2000 the Energy Commission made available \$375,000 in grant funding to support consumer education for the emerging technologies market. On August 23, 2000 the Commission gave approval to fund the 7 highest scoring applications. Grant agreements have been finalized and work is underway.
- Solicitations for the remaining funds to be released January 2001.

Overview of the Emerging Renewables Buydown Program

- The Buydown Program provides payments to buyers, sellers, lessors or lessees of eligible electricity generating systems that are powered by emerging renewable resources.
- Eligible emerging renewable technologies are photovoltaic, solar thermal electric, fuel cell technologies that use renewable fuels, and small wind systems (10 kW or less) per customer site.
- Intent of the Buydown Program is to reduce the net cost to the end user of generating equipment using emerging renewable technologies, thereby stimulating sales of such systems. Increased sales are expected to encourage manufacturers, sellers and installers to expand their operations and reduce their costs.
- Individual systems must meet stringent requirements contained in the program guidelines, such as meeting standards for one-year performance, full warranties, permits and contractor installation.
- Funds are divided into five blocks with declining incentive levels, beginning at \$3 per watt or 50% of system cost, whichever is less. Blocks vary in size from \$10.5 million to \$12 million. When the funds in one block have been completely committed, the next block of funds with a lower level of payment becomes available.

Buydown Program Parameters

PROGRAM BLOCK	1	2	3	4	5	TOTALS
Total buydown monies per block (millions)	\$10.5	\$10.5	\$10.5	\$10.5	\$12.0	\$54.0
Maximum rebate per watt	\$3.00	\$2.50	\$2.00	\$1.50	\$1.00	
Max. rebate as %of eligible system cost	50%	40%	30%	25%	20%	
Min. # system kilowatts bought down by the program	3,500	4,200	5,250	7,000	12,000	32,000

- Generating systems must be on the premises of customers of PG&E, SCE, SDG&E or Bear Valley Electric, and be designed to primarily offset part or all of the customer's electrical needs at these premises.
- Program requires: 1) a minimum of a full five year warranty on the entire generating system; 2) installation by an appropriately licensed contractor and in compliance with appropriate electrical codes; however, installation by owners without contractor a license is allowed; 3) certain system components be certified to meet certain established standards, where available.

- The Buydown Program is open to generating systems of all sizes but is intended to favor small generating systems, such as those typically used by residential or small commercial and agricultural customers.
- At least 60 percent of the total \$54 million in program monies (and 60 percent of the funds in each block of funds) must be awarded to systems of 10 kilowatts or smaller in rated output. An additional 15 percent of the program funds in each block are reserved for systems rated at 100 kilowatts or less. There is a maximum payment of \$500,000 that any one project may receive from any block of funds, and a maximum payment of \$1,000,000 overall for any single project.

Overview of the Customer Credit Subaccount

What is the Customer Credit? The customer credit is a 1.0 cent-per-kilowatt hour credit for the purchase of eligible renewable energy. The rebate is given to eligible consumers who purchase eligible renewable energy from a registered renewable provider (the electricity is delivered from the grid).

How do Consumers Receive the Credit? In most cases, electricity providers pass the credit on to consumers through a discounted electricity price, the credit is included in the electricity price. Providers must inform consumers about the credit on their bill, but the credit does not have to be an itemized line item.

Registration: Electricity providers offering the customer credit must register with the Energy Commission each product that is eligible for the customer credit.

How are Funds Distributed? For administrative efficiency, the Commission distributes funds to registered renewable providers, rather than to each consumer. The Commission reimburses providers after they: 1) purchase eligible electricity and 2) pass on the credit to eligible consumers. Registered renewable providers report these data to the Energy Commission in a “Monthly Performance Report” and the Commission calculates payments based on the lesser value of eligible generation purchased and credits passed on to consumers.

Can Energy Wholesalers Participate in the Program? Wholesalers (including energy brokers) can participate in the program, but since they do not sell to end-use customers, they do not receive funding from the Customer Credit Subaccount. Wholesalers have the option of registering with the Commission as a renewable wholesaler and then offering energy that is eligible for the customer credit to registered renewable providers. Registered wholesalers are subject to monthly reporting requirements.

Eligible Customers include households, businesses, and government facilities that:

- Reside in the SDG&E, PG&E, SCE, or Bear Valley Electric service territories (municipal utility customers are not eligible)
- Purchase electricity through a direct access contract

Customers that do not qualify as residential or small commercial are subject to funding caps. Such customers are subject to a cap of \$1,000 per calendar year per meter, and a collective cap of \$15 million over the life of the program.

Eligible energy is produced from facilities that meet the definition of “in-state renewable electricity generation technology” as given in SB 90, and the Customer Credit Subaccount Guidebook. Generally, facilities that are located in state and are NOT utility owned produce eligible energy.

Duration of Program: The program began when the market opened on March 31, 1998 and is expected to continue through December 2001 with funding allocated through Senate Bill 90 (Chapter 905, Statutes of 1997).

Funding Allocations

Year	Annual Allocation for Renewables Program ¹	Percent Allocated to Customer Credit ²	Annual Allocation to Customer Credit	Monthly Allocation to Customer Credit
1998	\$135,000,000	8%	\$10,800,000	\$900,000
1999	\$135,000,000	12%	\$16,200,000	\$1,350,000
2000	\$135,000,000	16%	\$21,600,000	\$1,800,000
2001	\$135,000,000	20%	\$27,000,000	\$2,250,000
Overall	\$540,000,000	14%	\$75,600,000	

¹ The total program funding of \$540 million is collected over a period of four years and three months.

² The percent allocation was identified in SB 90.

Past and Current Customer Credit Levels: At the opening of the program, the credit level was set at is 1.5 cents per kWh, the maximum allowed by law. The Commission has since lowered the credit level in response to market growth and the growing demand on funds. The Commission has made every effort to maintain a meaningful credit level that will foster market grow through year 2001.

TIME PERIOD	CREDIT LEVEL
January 1998 – November 1999	1.50 ¢/kWh
December 1999 – June 2000	1.25 ¢/kWh
July 1, 2000 - December 31, 2000	1.00 ¢/kWh
January 2001 - June 2001	<i>Proposed: 1.00 ¢/kWh</i>
July 2001 - December 2001	To be determined in spring 2001

For more information:

Please refer to our website for general information at: www.energy.ca.gov/renewables

For more detailed information, download the *Guidebook for the Renewable Energy Program, Volume 4 – Customer Credit Subaccount* at:

www.energy.ca.gov/renewables/documents/#greenpower

and scroll to “Customer Credit Program Documents.”

Overview of the Existing Renewable Resources Account

- Allocated \$243 million over 4 years, with funding declining each year of the program.
- Divided into three Tiers
 - Tier 1 (\$135 Mil) – Biomass, Waste Tire, and Solar Thermal
 - Tier 2 (\$70.2 Mil) – Wind
 - Tier 3 (\$37.8 Mil) – Geothermal, Small Hydro, Digester Gas, Landfill Gas, and Municipal Solid Waste
- Target Prices and Caps were established for each tier on a cents per kilowatt-hour basis and are shown in the following table:

		1998	1999	2000	2001
Tier 1	Target Price	5.0	4.5	4.0/5.0	5.0
	Cap	1.5	1.5	1.0	1.0
Tier 2	Target Price	3.5	3.5	3.5	3.5
	Cap	1.0	1.0	1.0	1.0
Tier 3	Target Price	3.0	3.0	3.0	3.0
	Cap	1.0	1.0	1.0	1.0

The Target Price for Tier 1 was increased from 4.0 to 5.0 cents/kWh starting November 2000 through the end of 2001.

Payments

- Funds are distributed monthly to renewable suppliers through a cents per kilowatt-hour (kWh) payment for eligible renewable electricity generation.
- Payments are based on the difference between the market price (SRAC or CalPX) and the Target Price, subject to the Cap, and limited by the amount of funds available each month.
- Funds not distributed will roll-over to the following month within the same tier.

Eligibility

- Must be located in California, have qualifying facility (QF) status, be operational prior to September 26, 1996, and selling energy to California customers.
- Energy may NOT be receiving fixed energy payments under a contract with an Investor-Owned Utility, be sold to a municipal utility, or be used on-site (self-generation).

Overview of the New Renewable Resources Account

- SB 90 allocated \$162 million, thirty percent of \$540 million set aside by Assembly Bill 1890, to support new renewable resources.
- Energy Commission held first auction in June 1998 to distribute those funds.
- Auction participants were required to submit the cents/kWh incentive they wished to receive (capped at 1.5 cents/kWh), an estimate of their first five years of renewable generation, a detailed description of the proposed project, and a bid bond equal to 10% of their proposed total award (incentive multiplied by generation).
- Bids were ranked from lowest incentive to highest and funds were awarded until funds were gone or all bids accepted.
- Eligibility requirements: not utility-owned, located in California, use renewable fuel source, become operational after 9/26/96 OR be a repower of or enhancement to an existing project, no SO₂ or SO₄ contracts, no self-generation
- Auction resulted in 55 winning bids for more than 500 megawatts of new renewable generation.
- Winning projects are expected to pass six milestones, including applying for and receiving necessary permits, starting construction, and coming on-line, before receiving any payments.
- Second auction currently underway, with bids due to the Commission on November 15.
- Will award up to \$40 million to prospective new renewable projects expected to come on-line by July 1, 2001. Projects coming on line earlier, by June 1, 2001, will receive a 10% bonus, up to the 1.5 cents/kWh incentive cap.
- Bidders required to submit incentive they wish to receive, their estimated generation for the first five years of operation, a detailed project description, and a bid bond of 10% of their total proposed award. Government entities and projects that have already applied for permits are exempt from the bid bond requirement.
- Projects participating in the second auction must pass four milestones before receiving any payments, including applying for and receiving project permits, beginning construction, and coming on-line.
- The Notice of Awards for the second auction is scheduled for early December.